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Purchasing Card Policies and Procedures

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Section 1.0: Introduction

This manual contains the policies and procedures applicable to the Local Government Purchasing Card (P-Card) Program for local government entities. (hereafter referred to as “Entit(y)ies”).

1.1 Statutory Authority

The Local Government P-Card Program was created and implemented in 2008 by West Virginia Code, §6-9-2a. The State Auditor’s Office Local Government P-Card Division serves as the Program Administrator for the Local Government P-Card Program.

1.2 Scope

The P-Card is the preferred method of payment and provides the most efficient and effective method of payment for expenditures incurred by entities as outlined by these P-Card policies and procedures. The P-Card effectively decreases expenses and cuts program costs by offering increased control and monitoring of payments while reducing the time and paperwork associated with the use of purchase orders.

1.3 Policy

The P-Card Policies and Procedures Manual establishes minimum standards for the use of the State of West Virginia Local Government P-Card. Individual transaction limits and credit limits shall be determined by each Entity P-Card Coordinator upon approval by the State Auditor’s Office Local Government P-Card Division.

It is the Entity’s Coordinators and cardholders responsibility to be knowledgeable of and to follow all P-Card policies and procedures, as well as all applicable purchasing laws and guidelines.

Each Entity should develop and document appropriate internal control procedures to ensure that P-Card usage is consistent with this manual, and to develop guidelines for distribution to cardholders. Sufficient internal controls are necessary to ensure compliance with P-Card Policies and Procedures.

Participation in the P-Card Program may be revoked.

Section 2.0: Entity P-Card Coordinator Duties and Responsibilities

2.1 P-Card Coordinator Responsibilities

Each Entity shall appoint an individual(s) to serve as P-Card Coordinator. This individual(s) will be responsible for the administration of the P-Card Program within their Entity.

The P-Card Coordinator's responsibilities include, but are not limited to the following:

- Requiring any member of an Entity's staff finding an instance of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card to report such discovery to the P-Card Coordinator **immediately**. The P-Card Coordinator shall report all aforementioned instances to the Director of the State Auditor's Office Local Government P-Card Division within 24 hours of his or her discovery.

2.2 Designation of Entity Coordinator

An Entity may have multiple coordinators. Each P-Card Coordinator shall hold a position of knowledge and experience of the purchasing cycle of the respective Entity. Any new appointment or change in Entity coordinators must be preceded by submission of a [Coordinator Authorization Form](#) to the State Auditor's Office Local Government P-Card Division.

Upon designation by the Entity, the P-Card Coordinator will be required to meet with the State Auditor's Office Local Government P-Card Division to receive applicable training regarding the administration of the P-Card Program within their Entity.

2.3 Coordinator Responsibilities

The P-Card Coordinator is required to attend training/education as determined by the State Auditor's Office Local Government P-Card Division.

Entity Coordinator responsibilities include, but are not limited to the following:

- monitoring and overseeing an Entity's P-Card Program to ensure that internal controls are in place to prevent misuse;
- verifying potential cardholders eligibility to obtain a P-Card;
- ensuring proper completion and submission of applications, cardholder agreements, and maintenance forms;
- ensuring successful completion of any required training before submitting requests for new cardholders and monitoring completion of on-going training requirements;
- determining or verifying the following: credit limit, single transaction limit, number of daily transactions, and number of monthly transactions;
- maintaining cardholder agreement forms;
- reconciling master statements or electronic payment files;
- ensuring the prompt payment of the Entity's master statement/account;
- ensuring that Entity cardholders follow all P-Card policies and procedures;
- disseminating updated P-Card information to Entity cardholders;
- activating P-Cards;
- ensuring that P-Cards are cancelled and destroyed upon termination or separation from employment;
- providing updated contact information to the State Auditor's Office Local Government P-Card Division;

- identifying possible ethics law violations related to inappropriate activity by cardholders and vendors including the possession of gifts, bribes, etc.;
- conducting periodic reviews of transactions to ensure they are appropriate for the Entity;
- ensuring that all Entity personnel assigned to monitor P-Card transactions have access, either electronically or manually to the transactions made by any cardholder under their purview;
- addressing and establishing additional controls/policies, in a timely manner, as recommended by external or internal audits and reviews.

2.4 Internal Controls

Sufficient internal controls should be in place at each Entity to ensure compliance with applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments. It is recommended that each Entity develop and document internal control procedures that ensure P-Card usage is consistent with this manual as well as any applicable governing instruments and to develop guidelines for distribution to cardholders.

Each of the following items should be addressed in the Entity's accounting and internal control procedures.

2.4.1 Segregation of Duties

The Entity P-Card Coordinator(s) should not handle all aspects of the P-Card process. Sufficient internal controls should be established and implemented to ensure that when a P-Card Coordinator is also a cardholder, some other knowledgeable individual such as a direct supervisor or a different Coordinator reviews and approves transactions appearing on the Coordinator's P-Card. The reconciliation process should include a knowledgeable and independent review of documentation, receipts, and transaction reports.

2.4.2 Proper Oversight

The Entity's Coordinator must ensure proper oversight of P-Card use within his or her Entity. This includes developing internal controls and operating procedures that ensure a thorough review of the Entity's P-Card transactions and assurance that each transaction is for official business.

2.4.3 Physical Controls

Physical controls should be present to ensure security of cards and records. Records should be stored in a secure location to which only authorized individuals have access.

2.5 Payment Process

The Entity shall make all P-Card payments directly to the financial institution . The financial institution should receive payments within twenty-five (25) successive, calendar days after the billing cutoff on a

standard monthly payment cycle. The State Auditor's Office Local Government P-Card Director will determine the most effective manner in which payments shall be submitted by the Entity.

Section 3.0: P-Card Issuance

3.1 Application Eligibility

P-Cards are issued at the request of the Entity P-Card Coordinator. Except upon written waiver by the State Auditor's Office Local Government P-Card Division, a cardholder must be an employee of the Entity.

3.2 Application Process

The designated applicant must complete and sign a [P-Card Application](#) provided by the Entity P-Card Coordinator.

The Coordinator must sign the application and indicate the credit and transaction limits and the daily and monthly transaction limits for use of the P-Card. The Coordinator will submit all approved applications to the State Auditor's Office Local Government P-Card Division. Applications may be submitted in hard copy or electronically.

3.3 Cardholder Agreement Forms

The [Cardholder Agreement Form](#) signifies that the applicant acknowledges that he or she has had adequate training, understands the P-Card Policies and Procedures, and accepts responsibility for compliance with the P-Card Policies and Procedures.

All new applicants are required to sign a [Cardholder Agreement Form](#) before P-Card applications will be processed. P-Cards will not be issued without a signed [Cardholder Agreement Form](#).

The Entity P-Card Coordinator is required to maintain a copy of the [Cardholder Agreement Form](#). Forms may be retained in hard copy or electronically.

3.4 P-Card Delegation

P-Card delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction. P-Card delegation increases the risk of fraud and cardholder liability.

P-Card delegation includes allowing an individual other than the cardholder to:

- have physical possession of the P-Card to make payments to point-of-sale vendors;

- have access to the P-Card number and expiration date to make payments via telephone, internet, or in person;
- have access to receipts or invoices that display the P-Card number and expiration date.

P-Cards are issued in an individual's name. Only that person named on the P-Card is the authorized user.

3.5 P-Card Security – Purchasing and Travel Only

The P-Card must be kept secure. The individual cardholder is accountable for every charge made by or authorized by the cardholder that appears on his or her P-Card.

P-Cards should only be used on secured internet sites. A secured site has a closed "lock" on the screen.

All cardholders are required to sign the back of their P-Card upon receipt.

Section 4.0: P-Card Activation

P-Cards are generally mailed directly to the cardholder's work address. Upon receipt, the cardholder must contact the Entity P-Card Coordinator to activate the P-Card. **Do not call the activation number on the front of the P-Card.** A four-digit PIN number is required for P-Card activation. The Entity coordinators are the only individuals with access to the PIN number. PIN numbers are assigned to individual coordinators and shall not be shared.

Section 5.0: Instructions for Use

5.1 General Instructions

The P-Card is a preferred method of payment for certain designated transactions or dollar amounts. All applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments must be followed, regardless of the method of payment.

The P-Card may be used to make payments for goods, services, and travel that are not prohibited by P-Card Policies and Procedures. Personal charges are prohibited.

5.2 Transaction Limit

Individual transaction limits and credit limits are determined by each Entity P-Card Coordinator upon approval by the State Auditor's Office Local Government P-Card Division. It is a violation of policy to manipulate the ordering, billing, or payment process in order to circumvent established cardholder limits.

5.3 Usage Restrictions

Except where otherwise exempted by statute, rule, or waiver from the State Auditor's Office Local Government P-Card Division, the P-Card may not be used to obtain cash, cash credits, or cash advances.

5.4 Ordering

Payments may be made with the P-Card by phone, fax, mail, secured internet site, or in person. When paying by telephone, fax, mail, or internet, the vendor should be provided with a complete shipping address.

Shipping and handling charges must be included in the stated price and the total charge may not exceed the cardholder's assigned transaction limit.

When placing the order, the vendor should be instructed to provide an itemized invoice or receipt. The vendor may not charge the account until the merchandise has been shipped.

5.5 Tax Exempt Status

Government Entities are tax exempt and should not pay tax to in-state vendors. Cardholders should remind vendors that the Entity is tax exempt before initiating a transaction.

The words "Tax Exempt" and the Entity's tax identification number are printed on the P-Card. The cardholder is required to provide the vendor with a copy of the Entity's [tax-exempt certificate](#).

Neither the Entity nor the Division may dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

5.6 Ethics and Vendors

It is unlawful for any vendor doing business with the Entity to provide a bribe, gratuity or kickback in any amount to a P-Card holder or the Entity. Entities receiving gifts with nominal values may keep such gifts (e.g., candy, fruit baskets, etc) as long as they are unsolicited and shared and distributed fairly throughout the Entity or the gifts may be donated to charities. Any gift valued in excess of the amount noted in the State's Ethics Act, (West Virginia Code §6B-1-1, et seq.) "The Ethics Act," should be returned to the vendor, if possible, and reported to the State Auditor's Office Local Government P-Card Division.

Please check with your Entity to see if it imposes rules of conduct in addition to those established by the Ethics Act. You can view the Ethics Act at www.wvethicscommission.org or email the Ethics Commission at ethics@wvadmin.gov.

Section 6.0: Transaction Documentation and Reconciliation

6.1 Transaction Statements, Reconciliation and Disputed Items

All Entities will receive electronic (or paper) statements. The statement closing date is the 27th day of every month. Each cardholder is responsible for ensuring that his or her statement is reconciled every month. The Entity P-Card Coordinator is responsible for ensuring the reconciliation of the master account(s). Cardholders should review all transactions to ensure that they are legitimate, for official government business, and that all required documentation is included.

Individual and master statements must be examined carefully for billing errors, or credits made to correct a previously disputed item.

Cardholders may be required to sign an individual statement and submit it to the appropriate office in accordance with the Entity's guidelines. The signed statement should be filed with that month's corresponding receipts.

Upon completion of reconciliation, the cardholder should forward his or her documentation to the Entity's appropriate P-Card Coordinator for review.

Disputed items may result from failure to receive goods, fraud, misuse, defective merchandise, incorrect amounts being charged, duplicate charges, credits not yet received or taxes other than sales tax charged by an in-state vendor. Transactions that appear fraudulent should be reported to the financial institution and the State Auditor's Office Local Government P-Card Division immediately.

Neither the Entity nor the Division may dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

The first step in the dispute process is for the cardholder to contact the vendor and attempt to resolve the problem. If the vendor is unwilling to credit the charge, the cardholder must provide documentation that the vendor was contacted and was unwilling to credit the charge and a [dispute form](#) should be filed with the State Auditor's Office Local Government P-Card Division within sixty (60) days from the statement date that contains the disputed item.

6.2 Record Retention

For P-Card inspection and post-audit review purposes, it is recommended that Entities keep all documentation relating to the P-Card Program (cardholder applications, agreements, maintenance forms and training certificates) as long as the P-Card is active or for two (2) years from the end of the fiscal year in which the last transaction was completed, whichever is longer. Additionally, all transaction documentation should be kept until a post-audit review has been completed by either the State Auditor's Office Chief Inspector Division or a firm approved by the Chief Inspector.

This rule does not supersede the record retention policy of the Entity or other state or federal retention policies or record retention policies otherwise provided for herein.

Section 7.0: P-Card Maintenance

7.1 Maintenance Requests

A [P-Card Maintenance Request](#) must be completed to make modifications to a cardholder's account.

The request should clearly state the type of maintenance requested such as address or name changes, credit or transaction limit changes, or P-Card cancellation.

Maintenance requests must be signed by the Coordinator and submitted to the State Auditor's Office Local Government P-Card Division electronically or in paper copy. Entities should maintain a copy of the P-Card maintenance request.

7.2 P-Card Cancellation

P-Cards must be cancelled immediately upon termination of or separation from employment. Upon cancellation of any P-Card, the Entity Coordinator is responsible for ensuring that the P-Card is destroyed and that a [maintenance request](#) is completed and forwarded to the State Auditor's Office Local Government P-Card Division.

7.3 Lost or Stolen Cards

Immediately report lost or stolen P-Cards to the financial institution and the Entity P-Card Coordinator within 24 hours to limit cardholder liability.

To report a lost or stolen P-Card, call 1-800-VISA911.

The Entity P-Card Coordinator must forward a [maintenance request](#) to the State Auditor's Office Local Government P-Card Division for all lost or stolen P-Cards.

Section 8.0: Fraud, Misuse and Abuse

West Virginia Code, §6-9-2c, states:

"It is unlawful for any person to use a local government purchasing card, issued in accordance with the provisions of section two-a of this article, to make any purchase of goods or services in a manner which is contrary to the provisions of section two-a of this article or the rules promulgated pursuant to that section. Any person who violates the provisions of this section is guilty of a felony and, upon conviction thereof, shall be confined in a state correctional facility not less than one year nor more than five years, or fined no more than five thousand dollars, or both fined and imprisoned. "

Failure to comply with P-Card Policies and Procedures, rules, and law associated with the Local Government P-Card Program may result in revocation or limitation of P-Card privileges, a period of

probation, or mandatory P-Card training in addition to any other discipline deemed necessary or appropriate by the Entity.

Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card shall be reported immediately to the P-Card Coordinator of the Entity. The P-Card Coordinator shall report all aforementioned instances to the Director of the State Auditor's Office Local Government P-Card Division within 24 hours of his or her discovery in a format approved by the State Auditor's Office Local Government P-Card Division.

The P-Card Program is a privilege, not a right, and disciplinary action will be taken for fraud, misuse or abuse of the P-Card.

Section 9: Definitions

Auditor's Office - West Virginia State Auditor's Office.

Cardholder - Individual responsible for and named on the P-Card.

Cardholder Account Number - The individual account number assigned to each Entity payment account.

Cardholder Agreement Form - A form signed by the cardholder that acknowledges that the cardholder has had adequate training, understands the *P-Card Policies and Procedures*, and accepts responsibility for compliance with all policies and procedures.

Cardholder Application Form - A form that initiates the P-Card issuance process.

Disputed Item - Any transaction that was not authorized by the individual cardholder.

Electronic Signature – An electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record. (See WV Code 39A-1-2(8)).

Goods - Materials, supplies, commodities, equipment, and any other articles or items used by or furnished to an Entity.

Individual Statement - A listing of transactions available monthly to the cardholder indicating all activity on an individual P-Card.

Master Billing Account Number - The master account number assigned to each Entity for billing purposes.

Master Statement - A list of transactions available monthly to the Entity P-Card Coordinator indicating all activity on each individual P-Card that rolls up to that Entity's master account number.

Official Use - Payments made by a cardholder on behalf of the Entity as permitted by law and P-Card Policies and Procedures.

P-Card Coordinator - The individual designated by each Entity to administer the P-Card Program within the Entity.

P-Card Delegation - The practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction.

P-Card Provider - The financial institution providing P-Card services to the Local Government P-card Program.

Program Administrator – The Director of the Local Government P-Card Program in the State Auditor’s Office Local Government P-Card Division.

Purchasing Card (P-Card) - A payment account issued in the name of an individual employee of the Local Government Entity for official use.

Receipt - An itemized document indicating the vendor, the price per item, and the total amount charged in a transaction.

Entity – Department, agency, or institution of government.

Transaction –The payment for goods and services and other items.

Transaction Limit - The maximum dollar amount permitted in any single transaction.

Vendor - The supplier of goods or services to a Local Government Entity.